9 Tracts on Money vol 6. K

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ESSAY

ON

PAPER CIRCULATION,

AND

A SCHEME propoſed

For ſupplying the GOVERNMENT with

TWENTY MILLIONS,

Without any LOAN or NEW TAX.

Quand vous decouvrez des abus, la fraude, le monopole, le peculat, n'en chercez point le remede local ; creuſez & cherchez le principe. Cherchez le principe & dites, Cette choſe eſt-elle dans le droit commun? Si elle le contrarié qu-elle ſoit a jamais proſcrite, quelque avantage apparent qui en pût reſulter. Si au contraire elle eſt de droit, on ne ſauroit trop tôt l'etablir, & en authentiquer la contexture, les reſſorts, la marche, & les regles.

L'Ami des Hommes, tom. vi.

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ADVERTISEMENT.

November, 1763.

THE following Eſſay was written near two years ago, and was deſigned as a private memorial. The Poſtſcript was afterwards added with the ſame view; and the plan of both was accommodated to the ſituation in which the nation then was. As the method obſerved, however, is not materially affected by any alteration of circumſtances occaſioned by the Peace; and as it gives an opportunity of conſidering the ſubject in a variety of lights, the author has been adviſed not to alter it; but to preſent both the Eſſay and Poſtſcript to the Public, nearly in their original form. The ſubject treated of, is of the utmoſt importance to the nation; and yet it is not uncommon to hear many people, who, however ready they are to decide in other political points, make no ſcruple of confeſſing their ignorance in this, which may juſtly be ranked among the moſt capital of all. As it muſt come under the deliberation of Parliament this winter, and greatly intereſts both the Landed Gentlemen and Merchants, we may now hope to ſee the general attention turned towards it; and ſuch regulations eſta-

bliſhed, in regard to our Paper Circulation, as may not only put a ſtop to the abuſes of it, which have of late been ſo flagrant; but may enable the nation, in their preſent involved circumſtances, to draw thoſe great advantages from it, which it is capable of affording. The author will eſteem himſelf peculiarly happy, if any thing that is ſaid in the following pages can in the leaſt contribute to thoſe important ends; or, if his arguments are not found conſiſtent with reaſon and truth, he will reckon himſelf greatly obliged to thoſe who will take the trouble to detect his miſtakes, as nothing is further from his intention than a deſire to miſlead the Public.

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ESSAY

ON

PAPER CIRCULATION, &c.

THE Directors of our Treaſury have been ſo long accuſtomed to that moſt pernicious cuſtom of borrowing money from individuals, that it is now adopted as the only ſyſtem of ſupplying the extraordinary expences of Government, though it has puſhed the nation to the very brink of a precipice. They either have not turned their minds to think of other expedients, or have never conſidered the nature of money, and the preſent extenſive circulation of Paper, otherwiſe it would have been impoſſible for them not to have perceived the dangerous tendency of the immenſe annual loans drawn from private perſons, and not to have ſeen that the Conſtitution of the State naturally pointed out a moſt ſimple and eaſy remedy for that intolerable grievance.

Though the practice of the bank and bankers had long proved, to a demonſtration, that all branches of domeſtic traffick could be freely carried on by other kind of money than ſilver and gold; yet thoſe who were entruſted with the management of

the nation's treaſure, ſtill perſevered in the old narrow opinion, that nothing but gold and ſilver would be current in the Government's ſervice; or if they ſometimes had recourſe to paper-money, they ſolicited the ſanction of private Perſons to give their notes a currency, as though the State had no fund of credit of its own.

Now the fund of credit of the State (which is in reality the united property of the whole people) exceeds the value of any private funds. The Legiſlature, therefore, by engaging that fund, can give a fuller Security for what paper-money they chuſe to iſſue, than any private man or incorporated company can do, eſpecially as the faith of Parliament is by far more to be depended upon than that of any twenty-four Directors.

The prejudice that has been induſtriouſly propagated by bankers and monied-men, that their aſſiſtance was indiſpenſably neceſſary to procure a currency to paper, has probably been the chief cauſe that the State has never attempted to circulate notes upon its own credit *.

Bank

* The falſehood and abſurdity of the pretences of the monied men are moſt glaringly evident from a late tranſaction in Ireland. In the Year 1760, the unexpected failure of five or ſix of their chief banking houſes filled that whole kingdom with ſuch a diſtruſt of private ſecurity, that there was a total ſtagnation of all paper currency; and an hundred pound note, as I am aſſured, would not have been accepted in payment for a ſixpenny loaf. Their houſe of Commons, in order to relieve the Public diſtreſs, came to a reſolution to ſtand bound for 150,000 l. for three bankers, who proved that they had funds ſufficient, which reſolution was no ſooner publiſhed, than General Credit revived, and the internal traffic of the Kingdom was carried on in the uſual manner. The monied men, in this inſtance, could not ſurely, with a good grace, boaſt

Bank notes being at firſt confounded with merchants bills, doubtleſs gave riſe originally to this prejudice: but though it be now well known by thoſe who have thoroughly examined our paper-circulation, that bank notes and bankers bills are really a ſpecies of money of themſelves, without any reſpect to merchandize; yet the old prejudice ſtill ſubſiſts among the generality of people, who ſeldom examine, or indeed are capable of examining, whether the notions adopted by them be founded on truth.

The bankers and monied men being ſenſible what a profitable monopoly this prejudice threw into their hands, ſtudiouſly ſupported the deluſion; for they knew if it were once diſſipated, their gains would be quickly leſſened, and their craft would fall into diſrepute. In like manner the London brewers wanted to perſuade the people, that Porter could be made of no other water but Thames water. In like manner, the Hudſon's Bay Company, if they could, would wiſh to perſuade the nation, that furs ought not to be brought from North America by any other conveyance than by their ſhips.

The meaning of the words *Public Credit* being generally miſunderſtood, made the people be more eaſily miſled into the falſe opinion, that the ſecurity of the credit of the State depended upon the good will and ready aſſiſtance of the monied men. Nothing is more common than to hear, in places of public reſort, expreſſions to the following pur-

boaſt that they were the ſupporters of Public Credit, when, without the ſecurity of the Legiſlature, they themſelves had no credit at all.

The Legislature did not probably give the Security: they only & ouched that the three bankers had sufficient funds.

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poſe, *Public Credit flouriſhes*, *Public Credit is low*, *Public Credit is in danger*; and if the generality of people ſhould be aſked the meaning of thoſe phraſes, they would immediately reply, that they refer to the ſtate of the funds; for when they are low priced, Public Credit is low, and when they are high priced, it flouriſhes.

This they think an admirable ſolution, though in reality the riſing and falling of the ſtocks no more affects the ſtability of Public Credit, than the riſing and falling of commodities endangers the property of a Landholder. The forwardneſs of the money-lenders, to advance large ſums to the Government, does neither eſtabliſh public credit, nor does their refuſing to lend their money upon Government ſecurity but upon the moſt extravagant premiums, bring it into danger. The former only ſhews that uſurers are very ready to take advantage of the exigencies of the State, as well as of private perſons, and the latter, that the Government is in preſſing want of a Commodity very hard to be got, becauſe ſought for in an improper channel.

The real foundation of Public Credit reſts upon the good faith of the Parliament, joined to the probability of their being able to fulfil their contracts. Public Credit therefore, whatever ſlight and temporary calamities the State may ſuffer, muſt ever remain firm and unſhaken, while the majority of the Legiſlature continue honeſt, and do not borrow beyond what the value of the fund pledged for repayment can bear. It is then evident that Public Credit may flouriſh independent of the monied men, nay even in their deſpite; for, as the whole body of the Landed Gentlemen,

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joined to the millions of people in the inferior claſſes of life, circulate much more than the monied men, if the former acquieſced in paying and receiving any ſpecies of money, ſtamped by authority of Parliament, it would be abſolutely impoſſible for the latter to ſtand out, or abſtract themſelves from any concern with ſuch currency, unleſs they choſe to be cut off from all traffic with their fellow ſubjects.

It has been obſerved, that Public Credit might flouriſh independent of the monied men; but it will even appear, that it will proſper more without their aſſiſtance, than by any joint co-operation of theirs. Very conſiderable profits ariſe from the circulating of paper, which at preſent are all intercepted by bankers and monied men; but by the ſcheme which I ſhall propoſe, the State may eaſily become its own banker, and thereby ſecure to itſelf the Profits ariſing from the circulation of its own Paper, beſides the acquiſition of many material advantages, which ſhall be more fully ſpecified hereafter.

Incorporated banks and private bankers have been ſo far of uſe, as they accuſtomed the nation to the currency of paper-money; for if the Government had been the firſt who attempted to introduce that kind of circulation, the people, not being capable of conceiving the ſolid foundation of the Credit of the State, would not have accepted ſuch payments but with diſcontent and murmuring. But as every one now acquieſces in payments made by paper, and the great excellency of that kind of currency, in large tranſactions, is univerſally acknowleged, it would be the height of imprudence longer to ſuffer private men to multiply that ſpe-

cies of money at their pleaſure, by which, in reality, they rob the State of one half of its exertive ſtrength.

The law makes it death for any private perſon to coin a piece of money of the ſmalleſt denomination in gold and ſilver; but there is not the leaſt difference in circulation betwixt paper-money, and gold and ſilver coin; and yet, thro' an overſight in the Legiſlature, bankers have been ſuffered to iſſue out thouſands, nay millions of pounds, of the former kind, which circulate through the nation as freely as if they were ſtamped with the King's image, and authorized by an act of Parliament.

If we conſider the effects of this circulation, it will appear that the bankers have the power of altering the value of money as much as the Kings of France by their arbitrary edicts; and that they have, by their paſt proceedings, actually done ſo. The price of labour, and the value of commodities, in this iſland, it is evident, would not be the ſame when there is twenty millions of pounds in circulation, as when there is forty millions; but our bankers, by their ſilent, but inceſſant iſſuing of notes, have more than doubled the current ſpecie of this iſland, conſequently a crown will not go much further now than half a crown would have gone formerly. Thus they have, in a manner, ſtripped the Landed Gentlemen of great part of their incomes, as 1000 pounds a year is now of little more value than 500 pounds before this artificial increaſe of money; for the price of labour and commodities has riſen in a faſter proportion than the Landed Gentleman's property has been improved.

If we examine the extent of this circulation, we ſhall find it immenſe. It is computed by ſome of our beſt writers on trade, that including our national debts, and all kinds of paper currency, there are notes exiſting in this kingdom at preſent, in the proportion of twenty, or rather twenty-four pounds in paper for every pound in gold and ſilver. Almoſt the whole of this artificial ſpecie has been coined year after year by private perſons, and the opportunity of a loan to the Government has been the very inlet by which they have inſinuated their nominal money into circulation. Neither the whole of the gold, nor of the artificial ſpecie is kept up in actual currency; but from the ſlighteſt attention to money-matters at preſent, we may perceive that there is a ten times greater quantity of the latter kind of money uſed, than of the former. All ſums of 1000 pounds and upwards are now paid almoſt wholly in paper. It is nearly the ſame with ſums of 100 pounds; nay even ſhopkeepers and tradeſmens bills of 20 or 40 pounds are now generally paid in bankers notes. A nobleman's ſteward, in the remote parts of the iſland, writes, that of late he has received the rents of his Lord's eſtate chiefly in paper; and I have very certain intelligence, that for ſeveral weeks, in the months of January and February, 1760, the copper-plate preſſes of the B——k caſt off 2000 notes a day. Theſe plain facts evidently demonſtrate the urgent neceſſity of ſpeedily taking the power of this artificial coinage out of the hands of the monied men, who ſeem not to care how ſoon they unnerve the Government, provided the public diſtreſs afford them an opportunity of enlarging their fortunes. While there is a malady ſubſiſting in the State, corrupting its very blood, in vain do we attempt to reſtore health by meer palliatives. If we would

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effect a cure, we muſt apply the remedy to the root of the evil.

The order of monied men, which has fatally borne ſo much ſway for many years paſt, inſtead of being an ornament, ſtrength, or advantage to the kingdom, ought to be ſuppreſſed as one of its greateſt nuiſances. In a ſound State there ought to be no monied men out of the order of merchants and manufacturers (excluſive of the Gentlemen of landed property ;) but within this half century many have riſen to be monied men, without ever having been concerned in manufacture or traffic, or being poſſeſſed of land. Now ſuch fortunes as theirs cannot otherwiſe have been raiſed than by preying upon the neceſſities of the State, or upon the induſtry of private perſons, conſequently the buſineſs they profeſs ought to be carefully reſtrained, if not totally ſuppreſſed by every well regulated Government.

While the bankers and monied men have been encumbering the State, and ſinking the value of money by their continual iſſuing of notes, the Stock-brokers have been adding to the confuſion and diſtreſs by their daily practices in the Alley. The greateſt part of the profeſt money-jobbers, may moſt juſtly be ſtiled Public Robbers ; for by their artifices they have, for theſe ſeveral years paſt, ſtripped individuals of more of their property than all the Highwaymen in Great Britain. Their practice is exactly ſimilar in its effects to that of Houſe-breakers. A Gentleman, we ſhall ſuppoſe, buys 1000 pounds ſtock for 1000 pounds, and locks up the note entitling to the ſtock in his ſcrutore. There he may reaſonably think it ſafe; yet the event will prove him miſtaken ; for the tricks of the

the money-jobbers ſhall have ſuch an influence upon its value, that when he carries it to market, he will find that it is not quite worth 700 pounds. Would it have made any difference to this Gentleman to have had his ſcrutore broke open at home, and out of 1000 pounds caſh contained in it, to have found 300 pounds carried off by thieves?

If there were no annual loan, the ſtocks would immediately ceaſe to fluctuate; and, by the eſtabliſhment which I ſhall propoſe, they would continually be kept up at par, or very near it, even during the war, which would give new life to trade, and ſave perhaps half a million annually from being ſent abroad. Though the fluctuating ſtate of the funds does not in reality affect the ſecurity of Public Credit, yet their inſtability and preſent low price is extremely prejudicial to the nation. It gives an opportunity to foreigners to draw large ſums out of the Kingdom, and tempts many manufacturers and traders to forſake buſineſs, and go to Exchange Alley with their money, where at preſent [1762] for every 8 pence they can purchaſe a ſhilling, which is a greater profit than they can expect by following their occupations. This profit, however, few of them ever receive, for not being able to wait to realize their ſhilling by ſeeing ſtocks riſe to par, they are obliged, by the neceſſity of their affairs, to ſell out at much the ſame rate they bought in, and find themſelves ſufferers by having neglected induſtry. The brokers, however, ſtill thrive by a ſucceſſion of new bubbles; but trade, in the mean time, is daily receiving freſh wounds, and that ſpirit of induſtry, which is the very life of the State, by continually ſupplying new reſources from agriculture, and the labour of artiſts, is declining more and more into a ſpirit

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of gaming, which ſubſiſts merely by devouring the reſources already provided.

Part of every new Loan is made up by deductions out of the old funds; for the money lenders are gainers even by ſelling out of the old funds at one per Cent. loſs, when they ſubſcribe the ſame money in a new loan at two per Cent. advantage. The funds, by this means, are kept gradually ſinking, and the Government, on the other hand, is obliged proportionally to augment its premiums, the burden of all deficiencies being laid at laſt upon the State. The Public funds at preſent are like a granary with a hole at bottom. While the grain is drawn out every day by that opening, it is no wonder that the heap ſinks down, notwithſtanding any ſmall ſupplies that may be poured in at top; but if the opening were once ſtopped up, the granary would ſoon be filled by the freſh ſtores brought to it from all parts of the iſland.

In like manner the funds muſt immediately riſe, if the Government but once ceaſes to make any demands for ſupplies from the monied men; for no part of the yearly expences of Government being drawn from thence, the number of ſellers would be very few in compariſon of the buyers, which is always a moſt certain means of raiſing the market. If there were to be no transfers or deductions from the funds, but thoſe occaſioned by real neceſſities of Stockholders, leſs than half a million of money brought to market would be ſufficient to raiſe them to par; but the annual ſavings of all the thriving people in this iſland, reckoning from thoſe in the higheſt ſtations, even down to menial ſervants, in great part center in the funds, and may juſtly be computed at more than two millions,

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conſequently more money would be brought to market than could be diſpoſed of, which would make it eaſy to be had at the uſual moderate intereſt.

The true and conſtitutional means, therefore, of rendering loans from private perſons unneceſſary, and of putting it out of their power longer to overflow the nation with nominal wealth, is for the Legiſlature to uſe its own Credit at firſt hand, and to ſupply the extraordinary exigencies of Government by circulatiug notes of its own, which by the expedient I am to propoſe, may quickly be made to become current all over the nation, and have the preference to every other kind of paper ſecurity. From what has been already ſaid, I am perſuaded it has been chiefly owing to timidity, or to falſe prejudice, that the Legiſlature has allowed any intereſt upon Exchequer-bills, or begged the aſſiſtance of the bank to circulate them. If bank-notes, and even bankers bills, have a free currency through the nation, would any perſon refuſe to accept of notes payable upon demand, when the good faith of the Parliament is pledged for the ſecurity of that payment, and an office erected where caſh might be received whenever the notes were preſented. As there never was a time when the Legiſlature and the Adminiſtration were in higher credit than now, I mean, a time when the Public had a higher opinion of their good faith, no ſeaſon can be more proper than the preſent, to form ſuch an eſtabliſhment, when all ranks are fully convinced of the great neceſſity of ſupporting the Government, and are at the ſame time alarmed at the danger which threatens the State from new loans and incumbrances.

Though the French are not ſo overrun with paper as we are; yet the miſchiefs brought upon the State by public loans, and by ſuffering private men to have the coinage of the artificial ſpecie, have been complained of by ſome of their moſt judicious writers, who in vain wiſh for the expedient for remedying thoſe grievances which our free Government naturally offers to us. Their ſentiments will appear from the following extracts, with which I ſhall conclude this introductory part. " * Ajoutous a tout cela, ce que je viens de dire, qui'l y a dans l'Etat un peuple financier, qui fait commerce & marchandize d'argent & de papiers. Ils ont tous un meme intereſt, de faire valoir les inven-

* To this let us add, what I have been juſt obſerving, that there is in the State a ſet of money-lenders, who make a traffic and merchandize of money and papers. Theſe people have all the ſame intereſt in eſtabliſhing the pernicious inventions of their profeſſions, which is, to withdraw the real ſpecie as much as poſſible out of circulation, by keeping it locked up in their ſtrong boxes, in order to render it more rare, and by that means oblige the Public to make uſe of their notes, of which they make a traffic, by paying them to the bearers with a diſcount; whereas if the real caſh was no where concealed, and had a free circulation, payments would be made much more eaſily, and we ſhould not ſo often be obliged to have recourſe to loans.—They gloſs over their proceedings ſo artfully, as to perſuade weak people, that they are not only uſeful, but abſolutely neceſſary to the proſperity of the State, which opinion makes them be ſuffered, notwithſtanding all the diſorders which they occaſion in the kingdom. *Political Views upon Commerce*, 1759. If there was an agreement authoriſed by the Sovereign, and adopted by his ſubjects, (that is, eſtabliſhed by a Legiſlature, to iſſue money nearly in the manner of bank notes, nothing would be more uſeful, as by that means we might undertake every thing. *Id* Never could paper be more juſtly entitled to the name of CREDIT. There is not in the world a bank founded upon principles ſo ſolid and ſecure as thoſe which make the foundation of this credit. The moſt precious metals placed as a fund in a public treaſury, cannot, in point of ſecurity, be compared to the whole land-property of a State. *Id.*

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tions pernicieuſes de leurs profeſſions, qui eſt de faire diſparoitre autant qu'ils le peuvent la quantité des eſpeces circulantes, en les retenant dans leurs coffres-forts, pour les rendre plus rares, & par ce moyen obliger le Public a ſe ſervir de leurs papiers, dont ils font commerce, en les ecomptant a perte a ceux qui en ſont porteurs: au lieu que ſi les eſpeces monnoyées n'etoit retenues nulle part, & avoient une circulation libre, les payement ſe feroient bien plus facilement, & on ne ſeroit pas ſi ſouvent contraint d'avoir recours aux emprunts.— Ils donnent a leurs manœuvres un tour ſi adroit qu'ils perſuadent aux eſprits ſimples qu'ils ſont des gens utiles & precieux a l'Etat, ce qui fait qu'on les tolere malgre tous les diſordres qu'ils cauſent dans le Public. *Vues Politiques ſur le Commerce*, 1759, p. 210. S'il y avoit une convention authoriſée par le Souverain, & adoptée par ſes ſujets pour former de la monnoie a peu pres ſemblable aux billets de banque, rien ne ſeroit plus utiles, puiſque par ce moyen on pourroit tout entreprendre. *Id.* Jamais papier n'auroit mieux merité le nom de CONFIANCE. Il n'eſt pas de banque dans le monde qui ſoit fondée ſur des principes ſi ſolides & ſi certains que ceux qui ſervent de baſe a cette confiance; les metaux les plus precieux mis en depot dans un treſor public ne peuvent entrer en comparaiſon avec tous les biens en fond de terre d'un Etat. *Id.* p. 230. 232.

* On entend les bons & les mechants dire egalement par echo, que nous ne ſommes pas dans le temps

* We hear both honeſt men and knaves echoing to each other, that it is not now a proper time to apply the remedies ſuited to the grievances of the State. How! Should not the time of the diſeaſe be likewiſe the time for the remedy? We

temps d'apporter les remedes convenables aux maux de l'Etat. Pourquoi donc, le temps de la maladie ne ſeroit-il pas celui du remede? On effrayera, dit on, les gens a argent, & l'on ebranlera le credit, c'eſt a dire, le credit du Financier; car pour le credit du citoyen il ne peut qu'augmenter a meſure que les operations proſperes du Gouvernement releveront la confiance, & la ſureté. Eh! quel bien a fait juſques ici ce fatal credit des Financiers? Il a fallu l'amorcer par les profits les plus onereux, combler d'engagements de toute eſpece le goufre de ſa voracité, & ſes ſecours equivoques & perfides n'ont pas empeché qu'on n'ait epuiſé en meme temps, le credit de la nation, & qu'on n'ait eté forcé de charger le peuple juſqu' a l'acablement le plus abſolu."

L' ami des Hommes, tom. vii. p. 304.

ſhall alarm, ſay they, the monied men, and give a ſhock to credit, that is, the credit of the money-lender; for as to the credit of the Citizen, it cannot fail of increaſing in proportion as the proſperous meaſures of Government reſtore confidence and ſecurity. Alas! what good have we hitherto reaped from this fatal credit of the money-lenders? We have been obliged to offer the moſt burthenſome premiums as a bait to its rapacity, to throw in contracts and engagements of every kind into its voracious gulph; and at the ſame time, its nominal and treacherous ſupplies have not prevented us from exhauſting the credit of the nation, and from being forced to lay ſuch burdens upon the people, that they are abſolutely ſinking under them. *The Friend of Men*, vol. vii. p. 304.

A SCHEME for ſupplying the Government with ſeveral millions annually, for two or three years, without any loan or new tax.

Let it be moved in the Houſe of Commons, to iſſue and circulate a million in bills or notes upon the credit of Parliament, without allowing any intereſt upon them, or without the aid of the Bank, by appointing an office where thoſe notes ſhould be paid upon demand. If the motion is approved of by a majority of the two Houſes, and the Bill paſſes into a law, the circulation of the notes may be effected in the following manner.

Let ſix or more Commiſſioners be choſen by ballot, by the Houſe of Commons excluſively, to have the direction and management of the whole circulation. Let thoſe Commiſſioners, after they have been confirmed by the King, hire the large empty apartments above the Royal Exchange for their office; and when they have fitted them up in a proper manner, and are ready to iſſue out their notes, let the new eſtabliſhment be then publiſhed to the world by two boards, one fronting the ſtreet, and the other the inner ſquare of the Exchange, with the following title in large capitals:

THE BANK OF THE PARLIAMENT OF GREAT BRITAIN.

The apartments above the Royal Exchange may ſerve for two years, when the charter of the Bank will expire; and as that charter ought never to be renewed,

renewed, the Company, upon being diſſolved, will probably be glad to ſell their Houſe to the Government.

As meer names have a great influence on the common people, the very title above mentioned would tend to give the notes a general currency. But, to promote their circulation, let it be inſerted in the Act, that the Parliament Notes will be accepted in payments, by all offices under the Government; and, to ſecure the good faith of the Commiſſioners, let it be declared felony for them to iſſue notes above the value of the ſum allowed by Parliament, unleſs for real ſums of gold and ſilver depoſited in the hands of their Caſhiers.

The notes, when iſſued out, ought to be diſperſed in the remote parts of the kingdom, which would make it longer before they were offered for payment in London; and as a fund for the prompt payment of them, 100,000 l. in caſh ought to be depoſited in the bank, which ſum will be ſufficient to anſwer all occaſional demands; for probably not above a tenth part of them would ever happen to be preſented at once, or if there were, ſuch an accident could eaſily be provided againſt.

The Bank being once eſtabliſhed, let the Commiſſioners ſoon after petition the Parliament to order the annual intereſt due to the Public Creditors to be paid at their bank, which would give them the command of three millions, and that would ſerve as a rich fund for circulating many millions of paper, as it does at preſent to the Company of the Bank of England, who have the uſe of it without making the leaſt acknowlegement for it. By transfering the Payments of the Dividends to the Par-

Parliament Bank, the Legiſlature could, upon that fund, iſſue out and circulate five millions in notes annually for two years, if the war ſhould continue ſo long; and five millions iſſued in that manner, would, without burthening the people, go as far in ſupplying the expences of the State, as ſix millions by the way of a loan, as there would be a ſaving not only of the premiums, but of the diſcount upon all navy and victualling bills, which laſt, at preſent, greatly enhances the expence of Government, and throws great profits into the hands of the money-dealers.

The eſtabliſhment of a National Bank would alſo, in all probability, be a means of ſhortening the continuance of the war, and bringing it to a happy iſſue; for if our enemies ſaw that we no longer borrowed money from individuals, but raiſed the ſupplies within the year, they would be more diſheartened and intimidated by ſuch an alteration in the ſtate of our revenue, than by the loſs of ſeveral battles; and, inſtead of wiſhing to protract the war, would haſten to conclude a peace, upon juſt and reaſonable terms.

The circulating of one million in notes, by this method, would alſo be found leſs expenſive, than the allowing an intereſt of three per Cent. upon them, and ſoliciting the aſſiſtance of the Bank to give them a currency. An intereſt of three per Cent. upon a million of pounds is 30,000l. but the charge of circulating a million by a New Bank, could hardly amount to 20,000 l. as will appear from the following calculation.

The

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The Salaries of ſix, or even nine Commiſſioners, at 1000 l. each ——	9000
The Intereſt of 100,000 l. lying at the Bank to anſwer all demands ——	5000
The rent of the rooms —— ——	500
The ſalaries of the Secretary, Caſhiers, Clerks, &c. with the expences of Paper, copper-plate preſſes, &c. would not exceed —— ——	5000
Total of the expences	L. 19,500

Twenty millions might alſo be circulated for the ſame expence; or rather the Government would be put to no expence at all by the national Bank; for the profits ariſing from the circulation of the notes, and the diſcounting of bills, would more than defray all the charges incident to the eſtabliſhment.

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A further extenſion of the SCHEME, by which the propoſed Bank might be rendered one of the greateſt reſources of Government, and a means by which great part of the national debt might be ſpeedily paid off.

UPON the return of Peace, the Parliament Bank might ſoon become the chief center of all Paper Circulation, by the Commiſſioners being authoriſed to offer two per Cent. upon all their notes of 1000 or 500 l. value; which would be a means of procuring them an additional fund of gold and ſilver. For as the prices of ſtocks will then probably be above par, it would be as profitable for monied men and proſperous traders, to take for large ſums circulating notes, bearing two per Cent. intereſt, which notes may ſtill be uſed in trade, as to throw that money out on trade, by buying ſtock with it at the advanced price of the funds. Great part of the money received, upon the iſſuing ſuch notes, may be diſpoſed of in paying off part of the national debt, which bears an intereſt of four and three per Cent. and by that means the debt ſtanding at a high intereſt, may gradually be transferred into a debt bearing a low intereſt, which, in the courſe of a few years, would occaſion an annual ſaving of ſeveral hundred thouſand pounds to the State. To forward this transfer, and to make a kind of glut of money, the Government may iſſue out two or three

millions in paper, as there is then no drain of a foreign war to carry out our real ſpecie; and by circulating this artificial coinage, the Commiſſioners of the Bank would get poſſeſſion of an equivalent ſum in gold and ſilver. Part of this ſum, in real caſh, being thrown back into circulation, by being paid to the Public Creditors, as a part of their principal, would occaſion ſuch a ſuperfluous abundance of money in their hands, that they would be at a loſs how to diſpoſe of it, and would be glad to put it again into the Bank, and accept of notes for it, bearing an intereſt of two per Cent.

When means are juſtly appropriated to the ends deſigned by them, great and ſurpriſing effects are often produced by ſmall, and ſeemingly weak, cauſes. I have heard of the courſe of large and navigable rivers being diverted by ſome hours labour of a ſingle ditcher. In like manner it is capable, I think, of the cleareſt demonſtration, that the expedient above propoſed would alter the channel of the whole 120 millions of debt, by putting it in the power of the Government to cancel that debt for another at the general intereſt of two per Cent. It would alſo be a means of ſinking annually a conſiderable part of the principal, by the ſurplus that would fall to the ſinking fund, and for the future, would ſuppreſs, if not totally annihilate the infamous trade of jobbing in the Alley, by which the morals of the nation are moſt ſhamefully corrupted, and induſtry and trade ſo greatly burdened that they are almoſt ſinking under the load. If the annual intereſt were once leſſened one million, and ſeveral millions of the capital debt paid off, which the circulation of Parliament Notes would enable the Government to do, the

the preſent redundancy of paper would gradually vaniſh, as private bankers, inſtead of having any opportunity for pouring out more notes, would be obliged, for fear of a bankruptcy, to retrench thoſe which were already circulating on their credit. The Government then, upon the occaſion of any future war, might, inſtead of applying for ſuccours from private perſons, draw almoſt the whole of the extraordinary ſupplies from the Parliament Bank, by increaſing the paper circulation, which increaſe could again eaſily be retrenched upon the return of Peace.

The SCHEME further enlarged, ſo as to vivify commerce throughout the whole iſland, and facilitate the mutual intercourſe of traders remotely ſituated from each other.

AT preſent, while our bankers monopolize all money tranſactions, no money can be tranſmitted from one part of the Kingdom to another, without an arbitrary and exorbitant tax, called *the price of Exchange*. This tax, though it be unavoidable in our commerce with foreign nations, may however be eaſily ſuppreſſed within the iſland, by extending the influence of the Bank in the following manner. Let the Bank Commiſſioners eſtabliſh ſubordinate offices in moſt of the large Cities of Great Britain, as at Briſtol, Liverpool, York, Mancheſter, Newcaſtle, Edinburgh, Glaſgow, Aberdeen, &c. Let there be a Caſhier and Clerks at each of thoſe offices, ſubject to the control of the Commiſſioners of the Bank, in the ſame manner as the collectors of the different diſtricts are accountable to the Commiſſioners of the Exciſe and Cuſtoms; and let it be declared, that prompt payment will be given for Parliament Notes at all thoſe offices.

The eſtabliſhment being thus regulated, would entirely aboliſh that tax levied by money dealers, for tranſmitting of caſh from one part of the iſland to another; for whoever had occaſion to ſend any money to a diſtant part of the Kingdom, needed only to put it into the Bank-office that was next to him,

him, and his correſpondent, upon intelligence received by the poſt, might receive the ſame ſum from the office lying neareſt to the place of his reſidence. A regulation ſomewhat ſimilar to that I have propoſed, has already been introduced by the late Act, for the payment of ſeamens wages, by the favour of which, a ſailor that receives his pay at Plymouth, or any other of the King's Yards, may tranſmit any part of it to his relations in the remoteſt corners of the iſland, without the ſmalleſt deduction. The excellent effects of this new regulation, fully illuſtrate the advantages that would ariſe to the State, from aboliſhing the arbitrary tax above-mentioned, which, like bad roads to wheel-carriages, greatly obſtruct the internal traffic of the Kingdom.

The Bank ought alſo to eſtabliſh nine or ten offices for prompt payment in different parts of London, which offices would be a means of preventing long journies to thoſe who wanted to change notes, and would alſo occaſion leſs tumult and buſtle at the center of the whole circulation at the Royal Exchange. Such offices would alſo be extremely convenient on another account; for thoſe Noblemen and Gentlemen, who at preſent enrich private bankers, by ſuffering large ſums to ly in their hands, would ſoon ſee the propriety of transferring their money to the National Bank, where they would receive two per Cent. for it, and might tranſact their affairs at thoſe offices, with more eaſe, and much greater ſecurity, than at the houſes of private bankers, where bankruptcies of late have not been very unfrequent. When the utility of the National Bank was once perceived, our Nobility and rich Gentry would probably make

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it a point of Patriotiſm, not to place any money in the hands of private bankers; and the ſums of real caſh that would by this means be transferred into the Parliament Bank, would add ſuch vigour to the circulation of its notes, that they would gradually ſuppreſs the notes of our preſent monied men and monied Companies, and at length become the only kind of paper money circulating in the State, which would prove a greater mine of wealth to the Government in the exigencies of a war, than all the mines of America to the King of Spain.

I have avoided touching upon minute regulations, that I might not ſwell this preſent pamphlet; but as the very novelty of the propoſed Scheme may occaſion ſome ſcruples in the minds of thoſe who have never turned their thoughts to conſider the nature of the traffic, ſo ſtudiouſly diſguiſed by our monied men, I ſhall conclude with adding a few words in anſwer to ſome plauſible objections that may be made againſt the eſtabliſhment.

Objection I. It would be an innovation, and innovations are dangerous.

Anſwer. True; it would be an innovation; but the firſt inſtitution of the Bank of England was a greater innovation; yet that Company was nevertheleſs eſtabliſhed with ſucceſs, and for ſeveral years added great vigour to the State; but as the increaſe of our funds has ſpawned a great many other private banks, both it and they have long been an incumbrance to the nation. The recoining of our money, adviſed by Mr. Locke, in the

the midſt of a war, was an amazing innovation; but being executed with prudence and ſteadineſs, it was happily accompliſhed, to the confuſion of our enemies, and the great advantage of the State, and added more to our reputation, than either our fleets or our armies. Having inſtanced thoſe two particulars, it would be waſting time to add any more in anſwer to this objection. I ſhall therefore only obſerve, that the circulation of Parliament Notes in room of other notes, would be effected by ſuch an eaſy and inſenſible tranſition, that the innovation would be no where perceivable, but in the counting-houſes of bankers, who would indeed ſoon feel, that the ſpring which filled their ciſterns was diverted to ſupply the neceſſities of the State.

Object. II. The nation, remembering that the Exchequer was fraudulently ſhut up in the reign of Charles II. will ſcruple to truſt it a ſecond time.

Anſwer. I do not deſire that they ſhould; but ſurely they would not heſitate to truſt the Parliament for 15, or 20 millions of notes, when they have already truſted it for 120 millions. What elſe are thoſe transfer notes given to the Public Creditors, for the ſums they lend to the Government, and locked up by them in their ſcrutores, but ſo many Parliament Notes ſunk out of circulation, yet bringing in an intereſt to the proprietors of 3, 3½, and 4 per Cent. The people are ſo far from diſtruſting the ſecurity of thoſe notes, that we have ſeen, for theſe two years paſt, that they have been contented to take annually 12 millions more of them; though it be certain, that if the Parliament faith were to fail, they would be of

leſs ſignificancy than blank lottery tickets. Were the Parliament, therefore, to add their ſanction to Notes of currency, the circulation of ſuch Notes would be eſtabliſhed without the leaſt obſtruction or difficulty, except from the weak murmurs of the monied men. People are now ſo accuſtomed to payments in paper, and that kind of coinage is ſo abuſed, that one or two ſhopkeepers in G—g—w, about twelve years ago, had the aſſurance to iſſue no leſs than 50,000 pounds in notes in one ſummer; but as they went too barefacedly to work, their notes were all returned upon them in ſix or ſeven months. This could not happen to notes iſſued upon the ſanction of Parliament; for, excluſive of the ſolid ſecurity upon which their currency would be eſtabliſhed, the conſumption of the Government, which at preſent is ſo great, as to make an eighth part of the conſumption of the inhabitants of the whole iſland, would occaſion a continual rotation of paying and receiving, to a much greater amount than that of the ſums in paper iſſued by the Parliament Bank, though the war ſhould continue two or three years longer.

Object. III. It would be a violation of the Charter of the Bank, which ſtipulates that no other Bank ſhould be authorized by Parliament during the continuance of the Bank of England.

Anſwer. The ſlighteſt reflection will convince any one, that the Parliament, by that ſtipulation, never meant to preclude themſelves from uſing their own credit. The teſtimony of facts alſo proves, that the meaning of that ſtipulation has always been ſo underſtood; for what elſe are Exchequer

chequer bills, but ſo much paper money iſſued upon the credit of Parliament. The whole difference then, between what has been already done, and what is propoſed by the preſent Scheme, is, whether the Parliament ſhould content themſelves with the Directors of the Bank of England as managers, or appoint managers of their own. The many advantages ariſing from the latter method, I hope, have been already clearly illuſtrated.

Object. IV. If the Parliament ſhould ſupply the extraordinary exigencies of the war, by eſtabliſhing a National Bank, and iſſuing Notes, the kingdom would be glutted with an over-abundance of that kind of money; which is already but too plentiful.

Anſwer. The very deſign of the eſtabliſhment is, to prevent the nation from being over-run with a ſuperfluous abundance of paper money. Bankers, at preſent, by iſſuing notes, draw all the caſh to themſelves, which they offer in a loan to the Government; and as this loan is paid at eight or ten different payments, it renders it ſtill more eaſy for them to keep up the circulation of their paper.

The Government ſees the caſh, the people circulate the paper, and all the bankers have to do is to keep ſo much caſh by them, as is ſufficient to give a currency to their notes. According to the vulgar prejudices indeed, loans of ten or twelve millions have been raiſed for two or three years ſucceſſively, from the meer annual ſavings of our wealthy traders; but this opinion, even upon the moſt extravagant ſuppoſitions of the extent of our trade, plainly appears to be falſe and

abſurd in the higheſt degree. Beſides the opportunity which a loan affords to the bankers, of iſſuing notes, the very loan itſelf is converted into transfer notes, which exiſt as ſo much paper wealth, and lie as a burden upon the State till they be redeemed by Parliament; that is, till the debt be paid off. Now, if the Legiſlature, by a National Bank, were to iſſue five or ſix millions in Notes, there could be no other paper money iſſued that year; for the bankers would be obliged rather to abridge their paper credit, ſince their notes would be thrown back upon them as a uſeleſs commodity. The Notes iſſued by the Parliament Bank would, in part, ſink out of circulation; but would leave no burden behind them, like transfer notes, that remain as evidences of a debt; and thoſe notes that continued circulating, would only appear in the room of the preſent private notes, which would eaſily be driven entirely out of circulation by them. Thus for two, or even three years, there could not any increaſe of our paper ſpecie be diſcovered, though the Parliament ſhould iſſue out five, ſix, or eight millions annually, and in the mean time, Peace, in all probability, would be happily reſtored.

Object. V. It will occaſion an univerſal uproar among the monied men; and it is not prudent, in the preſent ſituation of affairs, to diſguſt them.

Anſwer. I make no doubt but the monied men will clamour, that they will ſtudiouſly miſrepreſent the Scheme, and will endeavour to fill the people with falſe alarms and jealouſies; but the authority of Parliament, joined to the powerful influence

of truth, is ſufficient to overturn all their oppoſition, and ſilence all their clamours. Their ſway and influence, I confeſs, is at preſent very formidable; but that is entirely owing to their being applied to as uſeful and neceſſary auxiliaries to the State; for their power and intereſt would be *nothing*, if they were not ſupported by their connection with the Government. If the Government ſhould detach itſelf from them, they would be, of *all men*, the moſt dependent; for, as the richeſt of them have iſſued more paper obligations than they can well anſwer for, inſtead of being able to check others, they will be checked themſelves, with the perpetual apprehenſion of ſuch a run upon them for caſh, as would end in a bankruptcy. This would force them gradually to abridge their dealings in paper, and turn themſelves to ſome other buſineſs, which would be doubly beneficial to the State. 'Tis natural to expect that they ſhould uſe their utmoſt endeavours to prevent the eſtabliſhment of a National Bank, or if not ſucceſsful in that, ſhould labour to miſrepreſent the tendency of it. But ſhould they even offer a free gift of a million to ſtop the paſſing of the act, their preſent ought to be rejected, as it would only prove how deeply they were intereſted in preventing any reformation in the preſent money ſyſtem. Or, ſhould they alledge, that to draw money from ſuch a bank, would be a violation of the privileges of the Houſe of Commons, or that the eſtabliſhment itſelf would become a mere State bubble, for cheating the Public Creditors, the very fundamental principles of the inſtitution would be ſufficient to defeat ſuch ſlanders, and make it evident to the meaneſt apprehenſion, that there was no fraud at bottom, or poſſibility of a fraud: the

privileges of the Houſe of Commons could not be ſaid to be violated, when the Bank Commiſſioners were actually choſen by that Houſe, as truſtees or managers for them; nor could the nation juſtly fear a ſecret colluſion to rob them of their gold in exchange for paper, when it was made felony for the Commiſſioners to iſſue a ſingle note above the ſum allowed by Parliament, unleſs for real ſums of gold and ſilver depoſited in the hands of their Caſhiers. How different is the caſe at preſent, when for every ſum in gold and ſilver depoſited in the hands of bankers, perhaps five times its value is iſſued in paper. The nation certainly would not be ſo liable to be over-run with paper money, if the iſſuing of that coin was confined to the Legiſlature, who publiſh to the world what ſums they pledge their credit for, as it is at preſent, while the bankers aſſume the privilege of iſſuing it at pleaſure, without giving the leaſt intimation how much they iſſue. Therefore, inſtead of oppoſition to the eſtabliſhment on the part of the people, we may expect their zealous and hearty concurrence in the ſupport of it, notwithſtanding any clamours or miſrepreſentations of the monied men.

Object. VI. If the Scheme propoſed be put in execution, it will entirely ruin the trade of private banking; and it would be cruel to deprive 4 or 500 people of a livelihood, by which they are at preſent enabled to live in plenty and affluence.

Anſwer. It would neither be cruel nor injurious, to oblige any body of men, who thrive by diſtreſſing the Public, to quit their pernicious occupations, and betake themſelves to ſome other means

means of living conſiſtent with the welfare of the State. Hardly any public reformation can be effected, without interfering, in ſome manner, with the private intereſt of individuals; but that is never thought any juſt reaſon why ſuch reformation ſhould not take place. When the war is concluded, upwards of 100,000 men will be turned out of bread, that is, will be deprived of their preſent means of ſubſiſtence, and obliged to look for ſome other; but that is no reaſon why the war ſhould be continued for ever, leſt thoſe who make it their profeſſion ſhould want employment. The intereſt of the watermen, who ply on the river Thames, was oppoſed to the general conveniency that would ariſe to the Public from building Weſtminſter Bridge; yet this uſeful undertaking was not retarded in the leaſt on account of that trifling objection. The intereſt of the water-carriers in London, who were formerly a very numerous body, was alſo oppoſed to the Scheme of introducing the New River water into this metropolis. But though it was eaſily foreſeen that their trade would be ruined, if the new ſcheme ſhould take place, yet the extraordinary convenience that would accrue to the Public, from the conſtant and plentiful ſupply of water, outweighed all conſideration of the private intereſt of thoſe individuals, who could eaſily earn a livelihood by turning themſelves to ſome other employment. The ſociety of water-carriers, it will be allowed, is not much miſſed in this great city, the inhabitants of which are now better ſupplied with water by the New River Company, who, for a ſmall expence, circulate it in pipes through the ſtreets and houſes in great abundance. This circulation has been attended with ſo many conveniences, that the trade

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of the water-carriers has long been rendered uſeleſs and obſolete; and to thoſe who are accuſtomed to think only of modern times, it now ſeems odd that ſuch a Society ever exiſted. In like manner, if a Parliament Bank ſhould be eſtabliſhed, and be extended in the manner above propoſed, the monopolizing trade of private banking would ſoon be extinguiſhed, and it would probably appear a ſtrange paradox to Poſterity, how ſo many falſe coiners came to be ſuffered in the beginning of this century, in all our large cities. Before the late Revolution, there was ſcarcely a ſingle banker in all London, much leſs a banking-houſe in every great city; yet in thoſe times trade flouriſhed, the people lived in plenty, the prices of things were in general very cheap, which made our manufactures find every where a ready market, and the national ſtock of gold and ſilver kept annually increaſing. If the nation could then proſper, without the aid of bankers, why ſhould it be thought that it could not ſtill flouriſh, tho' there were not a private banker in the whole iſland, eſpecially as Liberty and Property are now better ſecured, great improvements have been added to the arts, the people now acquieſce with confidence in the good faith of the Legiſlature, and the riches and produce of our Colonies are ten times greater than they were in thoſe days.

POST-

POSTSCRIPT.

October 1762.

THE preceding Eſſay was written eight months ago, upon the expectation of the continuance of the War; and the deſign of it was to prevent the nation from being longer preyed upon by the monied men, who for loans, which, in great part, conſiſted of imaginary ſpecie, extorted the moſt extravagant premiums, eſpecially for theſe two years paſt, when they amounted to about 40 per Cent. of the whole ſum borrowed. Since the writing of the manuſcript, the face of affairs is greatly changed, and we have now the happy proſpect of a Peace, which, in all probability, will be both honourable and laſting.

The miſchievous practices of the monied men, however, are far from ending with the war. Even in time of peace, they aſſume not only the coinage, but the ſole direction of the circulation of all our

our paper money, which is a power too great to be left in the hands of private men, who are every day extending it more and more, to the great prejudice of the State. Though the bad conſequences of this paper coinage have never been attended to at home; yet we find the Colony of Connecticut have not only remarked them, but guarded againſt them by a moſt wiſe law, which ordains, "*That any Society, preſuming to emit or "iſſue bills of credit, to be uſed as money in trade, "ſhall be puniſhed as in caſe of counterfeiting; and "the utterer of ſuch bills ſhall forfeit double the ſum.*" See Douglaſs's Summary of American Affairs, vol. ii. p. 200.

That ſuch a law, long before this time, has not been eſtabliſhed in this iſland, I believe, has been chiefly owing to the erroneous, but general opinion, that the Bank of England was a National Bank, and that the Government had no other way of uſing paper money but through that Corporation. For many years paſt, however, this opinion has moſt juſtly been ranked among vulgar errors; and almoſt every one now ſees, that Aſhley's punch-houſe has as good pretenſions to be a National Punch-houſe, as the Bank of England to be a National Bank.

So

So far from being a National Bank, it is indeed a national grievance, as it prevents the Public, while it ſubſiſts as a Corporation, from gaining annually near a million ſterling, as may be concluded from the following eſtimate. 'Tis computed that 30 millions ſterling are circulated in paper by our monied Companies and private bankers together, which might all be circulated by the State, if private perſons were by law prohibited from coining that kind of money. Now if 30 millions were circulating upon the credit of the State, the Government would reap this double advantage; it would in a manner ſink 30 millions of the Public debt, and next would add by that means, a million a year to the Sinking fund, by which it may be demonſtrated, that the whole debt might be paid off in leſs than thirty years. That a National Bank would quickly be countenanced by the people, and have a more extenſive circulation than all the Banks, both public and private, have at preſent, may, I think juſtly be preſumed, from the example of the Bank of Amſterdam, which, as far as I can procure intelligence of it, ſeems a real National Bank, and one of the great props of the Republic.

It has been remarked many years ago, that the Bank of England was formed upon a very improper plan, a plan calculated much more for private than public benefit;. but not to go ſo far back as the years 1705 and 1710, when thoſe obſervations were made, I ſhall only give the opinion of Sir John Barnard, who, in a debate in the year 1736, expreſſed himſelf in the following manner; "I hope it never will be found "neceſſary for us to continue the excluſive pri-"vilege of the Bank beyond the preſent term (1742);)" and in another place he ſays, "This "propoſal, I hope, will have one good effect, "that it will put the people in mind, that as the "term the Bank has is drawing near to an end, "the Public ought to begin to think of redeem-"ing the nation from that monopoly; and there-"fore they ought now to begin to pay off that "capital, which muſt be all redeemed before an "end be put to their excluſive privilege."

To any perſon the leaſt acquainted with the nature of our Public funds, and the real foundation of Public Credit, it will appear ſurpriſing that the advice of Sir John Barnard was not then followed; but the adminiſtration at that time

time ſeem neither to have had capacity nor inclination to look beyond the falſe ſyſtem that had ſo long prevailed. They went on from one temporary expedient to another; and though the neceſſity of putting the currency of paper under ſome national regulation became every day more and more apparent, they even ſuffered the monied men to extend their power, and to appropriate to themſelves advantages, which really belonged to the State, and from which the Government might have drawn conſiderable profit.

'Tis a juſt obſervation of an excellent writer, " Qu'un Etat ne ſortira jamais de ſon engour- " diſſement, & de la lethargie des uſages & de " l'indeciſion s'il n'eſt gouverné par des tetes tran- " chantes qui voient le but, & qui y marchent " a travers les brouſſailes, ſans les prendre pour " de la futaie." If many people are not miſtaken, the Government is at preſent under the direction of ſuch heads; and as a moſt favourable opportunity again offers itſelf of throwing off the ſhackles of the monied men, and of doubling the vigour of the State, by applying to the ſervice of the Government the reſources which they have long intercepted, we may now hope that the oc-

caſion will be improved, which will ſoon reflect a greater luſtre upon the adminiſtration, than what could ariſe from many brilliant victories.

Hardly any thing, I think, bids ſo fair for effecting that purpoſe as the Scheme above propoſed, which might be eſtabliſhed without even ſeeming to be an innovation; and though the profits ariſing from it to the State would be very conſiderable; yet it would not interfere with the advantages of any, but of a few perſons, whoſe traffic at preſent, though not illegal, is really unconſtitutional. Inſtead of burdening manufactures and interrupting induſtry, it would eaſe and advance both theſe. It would give the Legiſlature ſuch a proper command of the caſh of the kingdom, as would enable it to reduce the intereſt of the public debts to two per Cent. and to promote manufactures and improvements, the Government could then even lend money at that intereſt.

As the charter of the Bank of England expires in the year 1764, that Company will, in all probability, move for a renewal of it during this Seſſion of Parliament; but if the Government ſhould think

think fit to eſtabliſh a National Bank this winter, they might defer granting a new Charter to the Bank of England, and next year the National Bank would be able to iſſue and circulate notes to the amount of the whole Capital due to the Bank of England, which Corporation might then be totally and for ever ſuppreſſed. The National Bank having once ſucceeded in room of the Bank of England, might afterwards extend its branches, in the manner above propoſed, to the remoteſt corners of the iſland, if the Legiſlature ſhould think proper to enact a law like that of the Colony of Connecticut, againſt the circulation of all artificial bills of credit.

The ſpirit of banking and paper-coining is now prevailing to ſo great a degree, as to make ſuch a law extremely neceſſary. The News-papers mention, that there is a great increaſe of bankers in Lombard-ſtreet; and they inform us likewiſe, that ſome perſons have an intention of ſetting up a new Bank in Pall-mall, the Capital of which is to amount to 200,000 pounds, upon which, (according to the computation of bankers, of circulating

culating five for one) a million ſterling in paper may be circulated. A Gentleman declares, that laſt year in Scotland, he ſaw 800 pounds of land rents, of which only ten pounds conſiſted of real caſh, and the method of changing a guinea in that country at preſent is with four five ſhilling notes and a ſhilling.

If the bankers are ſuffered to proceed at this rate, they alone, in a ſhort time, will be in poſſeſſion of all the gold and ſilver in the nation; in which caſe, excluſive of the great power they would acquire, trade would be as much burdened by an over-abundance of paper ſpecie, as it is at preſent by our high taxes. I know we have been often told, that the Bank of England when they next renew their Charter, intend to prevent that, by getting the private bankers laid under ſuch reſtrictions, as to put it out of their power to trade ſo largely in bills; but, beſides that this would only be increaſing the monopoly of the Bank of England, I ſhould be glad to know where is the difference to the State, whether the coinage of the artificial

tificial money be in the hands of private bankers, or of a corporation of bankers. And if the Bank of England, for their excluſive profit, could think of prohibiting private bankers from dealing in bills of credit, why ſhould the Legiſlature, for the benefit of the State, heſitate to aſſume the ſole power of iſſuing ſuch bills, which would prevent bankruptcies from being ſo frequent, and ſtrengthen both public and private credit.

By eſtabliſhing a National Bank this winter, an experiment may be made before the expiration of the term of the Bank of England, how the Public would reliſh the Parliament Notes, which in all probability would have a ready currency every where. For it cannot reaſonably be preſumed that people would refuſe notes that are immediately convertible into money at *par*, when at preſent they make no ſcruple to accept of warrants or bills that are not by the Government converted into money till ſix or twelve months after.

If the Parliament Bank ſhould be zealouſly patronized by the landed Gentlemen as a really *National*

tional Inſtitution, and its notes ſhould have a vigorous currency among manufacturers and tradeſmen in the remote parts of the iſland, the adminiſtration might diſregard the invidious inſinuations, and malicious undermining of the monied men, who have not now ſuch influence over the minds of the people, as they had twenty years ago, when they had the art to get their private intereſts preferred to the intereſt of the Public. A reſolution of the country Gentlemen, at the quarter-ſeſſions of the County, to give the preference to the Parliament Notes in all payments *, would probably ſecure their currency

* Since the above was written, we have ſeen the country Gentlemen exert their influence very properly in putting a ſtop to the too diffuſive circulation of private notes; conſequently it would be no leſs in their power to promote the circulation of Parliament Notes, which inſtead of adding to the burdens they now bear, would be the means of eaſing them. The following appeared in the London Evening Poſt of the 1ſt of June, 1763, " At a general meeting of the Commiſſioners of " ſupply for the county of Aberdeen, held on the 30th of " April laſt, all the Gentlemen preſent, except John Ding- " wall of Rannieſton, and John Dyce of Tullygrieg, reſolved, " that after the firſt Day of July next, they would not receive " in payment any five ſhilling notes, iſſued by any private " perſon,

currency againſt all the cavils of the monied men; and in a few years we might hope to ſee the Parliament Notes, in as great credit as thoſe of the Bank of Amſterdam; that is, be preferred to caſh itſelf.

But if the eſtabliſhment, upon trial, ſhould not be acceptable to the generality of the nation, which is not reaſonably to be apprehended, it might then be diſcontinued next ſeſſion of Parliament, and a new Charter be granted to the Bank of England, or to any other private Company that ſhould offer the beſt terms. I ſay, to any other Company that ſhould offer higheſt for ſuch

" perſon, or any private banking Company whatever; and they " referred to the conſideration of the next general meeting, to be " held on the 23d of May, ſo much of the motion then made, as " regarded the notes iſſued by the banking Companies in Glaſ- " gow." To the honour of the Gentlemen of the county of Aberdeen, they have been the foremoſt in checking the frauds and impoſitions of the money-dealers. Their example has lately been followed by the counties of Edinburgh and Linlithgow; and in time we may expect to ſee the Gentlemen in every county in Great Britain rouſed to purſue their own and the nation's intereſt, which has too long given place to the monied intereſt, that now ſpreads like a gangrene over the whole State.

a monopoly; for it may, I think, eaſily be demonſtrated, that the Bank of England, for a renewal of their Charter for twenty years, and the other advantages they receive from the Government, ought to give double to what they have at any time formerly given.

But as this is a ſubject foreign to what I am at preſent treating of, I ſhall not here enlarge upon it. I ſhall only make an obvious remark upon the following obſervation of an author, who wrote in the beginning of this century. "In the year "1697, it was pleaded, he ſays, by a zealous "writer for the Bank, as one way to enable them "to ſupply the Kingdom's occaſions with money, "that ſeveral branches of the King's taxes and "revenues ſhould paſs through it; and it has "been ſaid, that they would give *a million of money* "for this privilege, which has never yet been "granted, but expreſsly prohibited by Parliament, "excepting for a ſmall time, and in an extraordi-"nary caſe."

What would this author have thought, if he had ſeen three millions of national taxes paſſing through

through the hands of the Bank of England, who inſtead of paying any equivalent for ſuch an indulgence, pretended that the Government was obliged to them for taking care of their money. If the Bank of England would, in the year 1697, have given a million for the handling of ſome branches of the King's taxes, which were then but inconſiderable, what ought they now to give, when they receive annually three millions of thoſe taxes, which are a fund for the circulation of three or four times as many millions of paper?

The E N D.